

Final Dissertation Summary: ANALYSIS OF THE SPANISH ECONOMY DURING THE PANDEMIC Covid-19
BY SECTORS: RESILIENCE OF THE ECONOMY

Nowadays, companies and their management must evolve and adapt when encountering new and different obstacles at every step of their journey. In a fast-paced and constantly developing market, the ability to be resilient and reinvent itself is crucial for a business to prevail. Companies must be familiar with the internal and external factors that must be analyzed to assess and act when coming across critical events. To foresee the different possibilities that may be provided in the upcoming future, companies use different types of simulations and predictive models as well as past experiences to make decisions supported by solid evidence and relevant information.

During the pandemic, globally and individually, every country has suffered difficulties developing into a decisive change of character and paradigm regarding its socioeconomic customs. This pandemic's impact can be seen in every aspect of a country economically, socially, politically, culturally, and environmentally.

Being a country supported economically mainly by industry and tourism, Spain has suffered a significant hit (like any other country supported by these two pillars). This research paper will discuss and analyze the hows and whys of how the Covid-19 situation has affected its stock market as a whole and three specific sectors in the Spanish economy: the automotive industry, the textile industry, and the tourism sector. These results will be compared and contrasted to analyze how the different sectors had adapted to the pandemic and how efficient the applied methods had been. It will also be compared the sectors' efficiency before and after the pandemic and if Spain was able or not to overcome the problems that this situation developed into. Using data previous to the pandemic, the KPIs that define the evolution of the Spanish economy will be analyzed with the objective of understanding the development and strategic decisions made considering the economy as a whole as well as its division into sectors.

A new virus called severe acute respiratory syndrome coronavirus type 2 (SARS-CoV-2) has been identified as the cause of the disease that began in China in 2019. The

medical condition is called coronavirus disease 2019 (COVID -19) as stated by the Centers for Disease Control and Prevention in its latest update on April 26, 2022. This virus has developed into a global pandemic creating severe demographic and economic problems and affecting our lifestyle worldwide (Zhai, Y., & Du, X., 2022). Joo, et al. (2021) describe how the COVID has limited the tourism volume in a destination, especially in Spain, where tourism represents over 12% of GDP as stated in the National Statistics Institute (INE).

This immense impact derived into necessary measures and restrictions carried out by the government. These restrictions varied among Autonomous communities in Spain depending on the cumulative incidence and were found as strict quarantine or the ban of restaurants and social interaction venues. Many of them involve different aspects of one's daily routine. Both the pandemic and the social restrictions had a great impact on the Spanish economy and derived into an economic depression which will be discussed in this research paper.

After the arrival of the Covid-19 crisis, companies in our country have been forced to readapt their strategic plan with the aim of surviving or reinventing themselves within their particular sector. As object of study, we have chosen three strategic sectors of the Spanish economy: the tourism sector, the automobile, and the textile industries. To do this, we have compared the effects of the pandemic in the three sectors through different indicators to then carry out an external analysis of each of them. As we have been able to observe, the external analysis corresponding to the industries of these sectors is quite similar, that is, the arrival of the pandemic and with it the state of alarm and confinement brought with it common consequences for each of them. On the other hand, with respect to the strategies adopted by each industry, we have been able to observe characteristics specific to each one of them. In this sense, we have observed that each sector has carried out a strategic proposal, not always the same as the rest of the sectors, so we can conclude that despite the fact that Covid-19 seriously affected our economy, it did not do so in the same way. way in all sectors. In this way, the reality is that each sector, as a result of the unexpected arrival of the Covid-19 crisis, has struggled to survive by implementing the strategies that it considered most convenient. In addition, innovative strategies have been outlined for each of the sectors so that, through their implementation, not only does the

recovery process of the sector speed up, but also the figures prior to the pandemic are exceeded in an environment changing in which the population is increasingly demanding and critical.

Established as a strategic sector in Spain, and one of the fundamental pillars of the industry in Spain, the automotive industries represent around the 10% of the national GDP and generating over 2 million jobs. As a result of the pandemic, this sector has encountered changes in demand from its customers which developed into a slow recovery of the sector due the crisis of global demand. In addition, the shortage of semiconductors became a significant strain preventing the sector of the recovery expected during 2021. Vehicle sales decreased by approximately 40% due to the demand shortage and was followed by the supply crisis. This has resulted in Spain losing the eighth world position as a vehicle manufacturer. To face this situation, nationally, a raise in road tax and an increase in vehicle prices is expected to be necessary. On the other hand, even with this response, a recovery from the sector to similar heights as it had before the Covid-19 crisis are not expected until 2024.

The textile's sector contribution to the National GDP consists of approximately 3% and generates over 4% of employment in Spain. The decrease in demand produced a fall of 26% in the textile manufacturing industry and an estimated drop of the market share of 35%. As a turnover, this sector managed to grow over 25% during the first half of 2021 compared to the first half of 2020 and has consolidated its position on the second half of the same year and diminish the market share drop to 17% avoiding the expectations. It is forecasted that the Spanish population is going to spend as an average just under 50% more compared to the values obtained in 2021. In addition, in some communities such as Catalonia or Madrid it is expected an increase in hiring of about 10%.

Contributing 12.4% prior to the crisis, the service sector, considered pillar to the Spanish economy, suffered a fall over 60% representing 55.000 million euros of its contribution from one year to another. For the first time, the consumption of the Spanish population overpassed that of the foreigners. Tourism has therefore been one of the sectors most affected by the crisis, resulting in a pronounced decrease in both income and employment generated as well as its forecast indicators. However, it is affirmed that the sector is already on the path to recovery since the tourism GDP in 2021 has recovered

about 57%. It has been stated that 2022 will be the year of the consolidation and recovery of the tourism sector after the losses caused in the sector began to be recovered.